

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-01 INR-07
L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15
USIA-06 ITC-01 AID-05 COME-00 EB-07 FRB-03
TRSE-00 XMB-02 OPIC-03 LAB-04 EPG-02 SIL-01
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R 271550Z MAY 77
FM AMEMBASSY MOSCOW
TO SECSTATE WASHDC 7998
INFO AMEMBASSY BUDAPEST

C O N F I D E N T I A L MOSCOW 7537

E.O. 11652 GDS

TAGS: EEWT, COMECON, HU, UR, US
SUBJECT: SOVIETS STILL TALKING TOUGH ON TRADE ACT RESTRICTIONS

REF: BUDAPEST 1752

1. WR HAVE NO CAUSE TO TAKE EXCEPTION WITH BUDAPEST'S COMMENT THAT HUNGARIANS APPEAR TO BE CATCHING NO MORE FLAK THAN USUAL FROM SOVIETS ABOUT GOH STEPS TO IMPROVE COMMERICAL RELATIONSHIP WITH NON-CEMA COUNTRIES. WE DO SUSPECT, HOWEVER, THAT SOVIETS ARE CONTINUING TO MONITOR ANY SUCH TRENDS WITH THEIR CUSTOMARY ATTENTION TO SIGNS OF DIVERSITY, PARTICULARLY WHERE THIS MIGHT APPEAR TO BREAK A COMMON FRONT VERSUS THE UNITED STATES.

2. IN RECENT CONVERSATION WITH EMBASSY E/C COUNSELOR, VLADIMIR MORDVINOV, CHIEF OF FOREIGN RELATIONS DIVISION OF STATE PLANNING COMMITTEE, TOOK AN UNYIELDING LINE TOWARDS ANY SOVIET CONCESSIONS IN HUMAN RIGHTS/EMIGRATION AREA WHICH MIGHT MAKE POSITIVE IMPACT ON CONGRESS. MORDVINOV SAID USSR WOULD NEVER PROVIDE THE "ASSURANCES" FORESEEN BY THE
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JACKSON-VANIK AMENDMENT. DESCRIBING HIS RECENT TRAVEL TO THE U.S., WHERE HE ATTENDED A THREE-WEEK MULTINATIONAL SEMINAR, HE MENTIONED HAVING PARTICIPATED IN SESSION WITH CONGRESSIONAL STAFFERS WHICH OBVIOUSLY LEFT HIM UNIMPRESSED. (HE SEEMED PLEASED, BY CONTRAST, WITH HIS DISCUSSIONS WITH EXECUTIVE BRANCH.) MORDINOV, AFTER MENTIONING HIS WISH ON THAT OCCASION TO AVOID SITTING IN SEAT OF

SENATOR JACKSON IN COMMITTEE ROOM, EXPRESSED DISPLEASURE WITH VIEWS HE ATTRIBUTED TO CONGRESSMAN VANIK THAT FLEXIBLE STAND ON HUMANITARIAN ISSUES BY HUNGARY MIGHT EARN IT SPECIAL TRADE CONSIDERATION. TURNING VERY SOBER, MORDVINOV - WHO FORMERLY HEADED CEMA SECTION IN GOSPLAN - SAID THAT THIS SORT OF PROPOSAL WOULD BE CERTAIN TO ATTRACT UNFAVORABLE ATTENTION OF SOVIET AUTHORITIES TO "HUNGARY AND BULGARIA" (THE REFERENCE TO THE LATTER WE TAKE TO BE A RATHER THIN DISGUISES OF THE REAL TARGET). WHILE HE SAID NOTHING MORE ON THE SUBJECT, THE INFERENCE TO BE DRAWN WAS THAT SOME OF THE SOVIET DISPLEASURE MIGHT RUB OFF ON THOSE STATES WHOSE RELATIVE MODERATION SINGLED THEM OUT FOR US FAVOR.

3. ON SAME OCCASION IN DISCUSSION WITH FORMER SECRETARY OF COMMERCE STANS AND PETTIBONE CORPORATION PRESIDENT SEIFERT, MORDVINOV REFERRED SEVERAL TIMES TO UNSPECIFIED "MISTAKES" MADE BY PRESIDENT CARTER IN DEALING WITH USSR. MORDVINOV THOUGHT IT WOULD BE HEALTHY IF PRESIDENT WOULD ADMIT SUCH MISTAKES. WHEN COUNSELOR ASKED IF SAME THERAPEUTIC VALUE WOULD APPLY TO SOVIET LEADERSHIP CONFESSING TO MAKING MISTAKES, MORDVINOV MADE NO RESPONSE.

4. IN DISCUSSING HIS IMPRESSION OF US ECONOMY, MORDVINOV REVERTED TO HIS MORE CUSTOMARY LIGHT-HEARTED MOOD. HE THOUGHT THAT IN GENERAL IT WAS DOING VERY WELL. WHEN COUNSELOR REMARKED THAT ONE WOULD NOT KNOW THIS FROM READING PRAVDA OR LISTENING TO VREMYA, MORDVINOV SAID: "THAT'S FOR OUR DOMESTIC CONSUMPTION."

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5. COMMENT: MORDVINOV'S COMMENT ON HUNGARY STRIKES US ONLY AS EXPRESSION OF IRRITATION THAT US MIGHT TRY TO PLAY OFF ONE CEMA STATE AGAINST ANOTHER. WE WOULD NOT READ MORE INTO IT THAN JUST A NOTE OF CAUTION. HIS OTHER VIEWS IN NO WAY DIFFER FROM LINE WE USUSALLY HEAR ON SUBJECT OF US TRADE ACT RESTRICTIONS, BUT SHOWED IMPATIENCE WITH IDEA THAT CONGRESSIONAL ATTITUDE COULD BE FAVORABLY INFLUENCED BY GOOD CONDUCT IN HUMAN RIGHTS/EMIGRATION AREA, WHETHER IT BE HUNGARIAN OR RUSSIAN.
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